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The Anatomy of Lead Management

What Role does Lead Management Play in the Corporation?

The Role of Lead Management is to:

1. Maximize the profit impact from marketing campaigns
2. Develop, maintain and extend the database of prospective customers
3. Continually update the prospective customer profile
4. Capture and report on the history of prospect marketing

Lead Management is most often comprised of two distinct functional elements: Demand Generation and Response Management.

Demand Generation programs are efforts to reach out to prospective customers. If no list of prospects exists, a Demand Generation program might research the available data sources, acquire a list and implement a direct marketing effort.

Response Management programs are designed to handle inbound inquiries resulting from promotional campaigns. Common elements include toll-free 800#s, web forms, and business reply mail.

Both elements of Lead Management seek to inform, educate and qualify sales prospects to clearly define sales opportunities. During this process the database is continually updated to add new information (contacts, titles, functional responsibilities, specific requirements, etc) and increase its value for future marketing programs.

In order to provide the information necessary for a defined sales opportunity, Lead Management must continually update the prospective customer profile. Very specific information is gathered about prospect requirements and the decision making process. It's like finding the pieces to a puzzle in order to get a complete picture.

Reporting on the Lead Management process offers an insight into how effective the marketing campaigns are in moving leads into the sales pipeline, and it allows conversion analysis to determine which efforts have the biggest return on investment.

Defining an Opportunity to Win

Perhaps the most critical part of Lead Management is knowing what information to capture. What pieces of the puzzle do we need to find to provide the sales channel with the best opportunity to win? Before scripting and data capture can take place, it is important to understand the most common elements of a sales win. What are the biggest pieces to the sales puzzle?

Using a process of elimination, we may be able to exclude some prospects due to their requirements or existing infrastructure. Additionally, we may be able to evaluate a series of sales wins and see a pattern that offers (for example) application analysis, specific requirements, matching requirements to key product benefits, and the decision making process and timeframe, as the key defining parameters.

In essence, the Lead Management team has to know what to look for.

Data Management, Data Capture and Business Rules

Data Management

Finding your next customer requires a starting point. Which company and which people will you contact? And how current and targeted is the information? There are a myriad of available data sources, from ongoing research to list acquisition, to advertising and events. And wherever possible, Lead Management looks to fill in the blanks, or find the missing pieces to the puzzle.

If information came from only one source this process would be easy to manage. However, Data Management is an integral part of Lead Management because companies usually have a large number of unique databases that need to be cross-referenced (such as existing customers and active sales accounts), cleaned (removing duplicate records or bad information, updating zip codes, etc), and suppressed (do not send information to competitors, etc).

Also, if data will flow into the Lead Management process from several points, it is equally important to know which information will flow out into the sales channel. In most instances, only qualified sales opportunities will flow out of the lead management process, actionable sales leads that can be closed in the near term.

But then the question becomes, how will that information be provided? In what frequency and format will the data be provided? How will the sales channel receive the information, via individual contact management systems or an enterprise CRM? And if a deal falls through can the sales channel send it back to the Lead Management team for recycling and lead nurturing?

There are other data management issues to consider, such as where the database will reside, the frequency of back-ups, and the process and timing of extracting files to be used for marketing and sales campaigns.

Data Capture

After determining the possible data sources and outlining the data flow, we can look at data capture. What questions are we going to ask? Now we get into scripting and pathing. In going through the Opportunity Definition process, we've got an idea of which questions we're going to ask. So next we can look at specific pathing for questions and responses. If I answer "yes" to a specific application requirement, the next question could be a follow-up for more detailed information. If I answer "no" to a specific application requirement, the next question might move to a new area. So, in total, a script might have 75 questions, but the total number of questions asked (depending on the pathing scenarios) could be 10 or 15.

In addition to script pathing, another element to consider is the type of responses that you will collect. For example, a free form field will allow an unlimited variety of answers, but it will be extremely difficult to apply automated business rules or provide specific reporting from these responses. In contrast, a typed list of responses provides less flexibility, but with greater rules and reporting capability.

Most scripts use a combination of these response types.

Business Rules

Now that we've gathered information, who should receive it, how should it be ranked and what's the next step?

If a person in Northern California has a specific product interest and a qualified purchase intent, would it be considered a "hot" lead and be assigned to a specific sales representative? Would the lead rank be based on application-product fit, timeframe, size of the deal, or a combination? Would the lead be routed, or assigned based on geography, product or key account, or a combination? Carefully defining these rules improves the lead flow and prevents orphan records (those that are unassigned) from being created.

Depending on how large your sales channel is, you can imagine the task of maintaining the business rules. Just looking at geography, think of the number of states, area codes and zip codes in the United States. Now what happens if the leads that were routed last month need to be available to a reorganized sales channel? Your new business rule for routing would need to be applied retroactively. These retroactive rule changes are very common among firms in dynamic industries. Clearly data management, data capture and business rules

encompass a large amount of information and tasks necessary to properly conduct a Lead Management program.

The Lead Management Cycle

Think of Lead Management as a series of steps in a cycle designed to produce an ultimate result; an opportunity for a sales win. And the best place to start is to understand how many wins are necessary, and how many qualified leads it takes to result in a sale. Work backward from profit and sales revenue targets to establish, and continue refining, the number of qualified sales leads that the cycle must produce.

Now the questions arise; what are the steps and frequency of the cycle? And what methods will we use to power the cycle. Some basic steps are Inform, Educate, Qualify, and Provide to Sales Channel or Nurture (rework, recycle, keep warm, etc).

Common Steps in the Lead Management Cycle

In the Inform step, we're seeking to inform ourselves about the prospective customer's needs and interests, we're beginning their profile and offering to provide information, we're gathering the first pieces of the puzzle.

During the Educate step, we're providing specific product-benefit information, and discussing the unique prospect applications and projects.

In trying to Qualify, we're looking to determine the level of interest in possible purchase motivation and intent, we're trying to solve the puzzle and provide a complete picture for the sales channel.

Leads go through a Nurture process when they cannot be qualified and sent to the sales channel, but also cannot be discounted. The lead management process is most effective when it includes an ability to nurture or incubate prospects until they can be qualified in the future.

Frequency and Key Elements

Do we contact people once a month, or once a week? And how many times do we try to communicate with them to advance the cycle? The frequency of the cycle is unique to each company in each industry. A typical cycle might start with a single event, let's say a trade show inquiry, and require a personalized email follow-up within 2 days, and then a phone call within 5, a second specific email at 10 days, and a second phone call attempt at 20 days. Lead Management cycles may vary based on a number of factors (including event, product, budget constraints).

There are some key cycle elements to consider. First, what communication vehicle will you choose; Email, standard mail, or telemarketing? Each offers benefits, personalized email is inexpensive, standard mail is more tangible and

telemarketing offers the highest level of personalization and greatest opportunity for gathering information. Second, who will conduct these programs? Flexible staffing, or skilled, as-needed resources, often offers the best solution. It allows the cycle and output to expand or contract based on the company's requirements and changes in the marketplace. It also minimizes expenses and places an emphasis on pay-for-performance. Many companies establish weekly metrics derived from the annual goal, and review cycle results to ensure that the sales channel is supported and make cycle modifications as necessary.

Lead Distribution

Lead distribution is like a door that can be pushed or pulled, or both. If data were automatically sent directly to a CRM system that notifies the sales channel, we'd classify that as a push. If lead information was phoned, faxed, mailed or emailed we would also consider that as a push. Whenever information is available but must be retrieved, that is a pull process. Many Lead Management programs employ a combination push/pull process, including a personalized on-line option.

Qualified leads are typically distributed into an Opportunity Management environment; sometimes also call contact management. For the most part, the Lead Management Cycle deals with a series of events, which combine to become an opportunity. Therefore, it is important to understand the distinct differences between the Lead Management Cycle used by Marketing and the Opportunity Management systems used by the Sales Channel. These are event based versus Opportunity based systems, and the information exchange between them should be clearly defined. CRM applications, such as Siebel and Onyx, are often configured to client-specific instructions and have detailed data import requirements.

Reporting and Conversion Analysis

Lead Management reporting should be graphical and easy to review, providing an assessment of qualified sales opportunities by marketing campaign, data source and vehicle. Annual, quarterly and monthly metrics should be established as well as the report format, frequency and distribution protocol.

In addition to standard reports, the Lead Management cycle should be visible through an on-line capability to provide up-to-the-minute feedback and the ability to do ad hoc custom reporting.

A scheduled comparison of the customer database with Lead Management production should provide valuable conversion analysis to fine tune the marketing expenditures and lead management cycle for maximum effect.

Summary

Lead Management plays a pivotal role in maximizing the profit impact from marketing programs and reaching financial targets and milestones. Each element is crucial in maintaining the necessary lead flow into the sales channel.

And aside from the immediate, or tactical, benefit of increasing revenue today, it offers a systematic, strategic advantage of finding the pieces to the puzzle of tomorrow's sales win. The focus is on finding your next customer but also in looking ahead to understand where customers will come from in the future.

Additional Lead Management Questions to Consider

- What is your quarterly or annual sales target?
- What is the approximate Opportunity-to-Sale ratio?
- How many leads will you require to produce enough qualified sales opportunities? What is the necessary lead flow rate?
- Have you developed a marketing plan to develop or acquire prospect data sources?
- What are all of the current and possible data sources?
- Do you have a media plan or event schedule for the next 6-12 months?
- What are the current planned marketing programs and the anticipated response rates?
- What are your initial thoughts about lead ranking and routing criteria?
- What is the configuration of your existing CRM system, and what are the data input requirements?
- How would you define a successful Lead Management program?